



## Fact Sheet

U.S. Department of Agriculture  
Foreign Agricultural Service  
February 2000

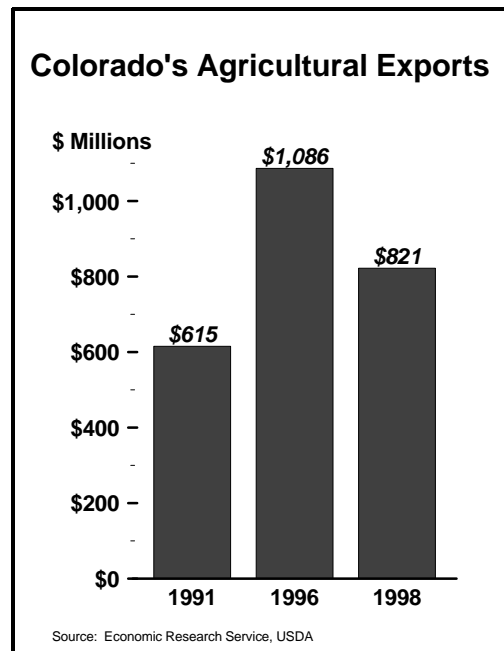
### *Permanent Normal Trade Relations with China* **What's at Stake for Colorado?**

Colorado is an important producer of agricultural products and exports products worldwide. In 1998, the state's total farm cash receipts totaled \$4.3 billion. As for exports, the value of agricultural products leaving the state was estimated at \$821 million in 1998. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

#### **Trade Benefits**

The following key products are important to Colorado, and expected to reap some of the largest agricultural export gains from China's accession to the World Trade Organization (WTO).

- # **Beef**--Colorado has a large cattle industry, and its live animal and red meat exports worldwide were estimated at \$272 million in 1998. China currently imports very little beef, but income growth and rising demand from urban centers are expected to result in significantly increased demand for imports. Under its WTO accession agreement, China will lower its tariff from 45 percent to 12 percent on frozen beef and from 45 percent to 25 percent on chilled beef by 2004. Tariffs on variety meats will be lowered from 20 percent to 12 percent. There will be no quantity limits at these tariff levels. As a result of the 1999 U.S.-China bilateral agreement, China agreed to accept all beef from the United States that is accompanied by a USDA certificate of wholesomeness.
- # **Wheat**--As one of the top 10 wheat-growing states, Colorado's wheat and product exports were estimated at \$111 million in 1998. China's grain policies are becoming more market-oriented and its WTO accession commitments will speed up this process, opening up real long-term opportunities for foreign suppliers. China committed to a nominal 1-percent tariff on all grains imported within a tariff-rate quota (TRQ). The TRQ on wheat will be initially set at 7.3 million metric tons and grow to 9.6 million metric tons by 2004. As a result of the 1999 U.S.-China bilateral agreement, China also agreed to import wheat and other grains from the Pacific Northwest. In 1998, China imported less than 2 million metric tons of wheat from all countries.
- # **Corn**--Colorado is a large producer of corn for feed, with feed grain and product exports estimated at \$103 million in 1998. As mentioned above, China's grain policies are becoming more market-oriented and its WTO accession commitments will speed up this process, opening up real long-term opportunities for foreign grain suppliers. China committed to a nominal 1-percent tariff on all grains imported within a tariff-rate quota (TRQ). The TRQ on corn will be



initially set at 4.5 million metric tons and grow to 7.2 million metric tons by 2004. Private traders will be permitted to handle 25 percent of imports under the TRQ, growing to 40 percent. In 1998, China imported less than 250,000 metric tons of corn from all countries. China's commitment to end export subsidies will reduce its price competitiveness for corn in other markets.

- # **Vegetables**--Colorado's fresh and processed vegetable exports were estimated at \$89 million in 1998. Under its WTO accession agreement, China's tariffs on vegetables will drop up to 60 percent, depending on the product, by 2004. For example, existing tariffs of 16 percent on lettuce and 13 percent on broccoli, celery, frozen sweet corn, and mixed vegetables will fall to 10 percent. Tariffs on canned tomato paste will fall from 25 percent to 20 percent. Deeper cuts are planned for canned sweet corn and tomato ketchup. Tariffs on these products, now set at 25 percent and 30 percent, will fall to 10 percent and 15 percent, respectively.